

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Greenwood Township	County Clare
Fiscal Year End March 31, 2008	Opinion Date May 30, 2008	Date Audit Report Submitted to State August 4, 2008	

We affirm that:

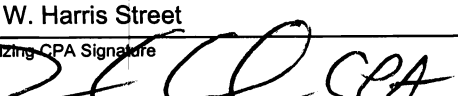
We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

- YES NO Check each applicable box below. (See instructions for further detail.)
- ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
 - ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
 - ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
 - ☒ ☐ The local unit has adopted a budget for all required funds.
 - ☒ ☐ A public hearing on the budget was held in accordance with State statute.
 - ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
 - ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
 - ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
 - ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
 - ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
 - ☐ ☒ The local unit is free of repeated comments from previous years.
 - ☒ ☐ The audit opinion is UNQUALIFIED.
 - ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
 - ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
 - ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input type="checkbox"/>		
Other (Describe)	<input checked="" type="checkbox"/>	SAS 112 Letter; SAS 114 Letter	
Certified Public Accountant (Firm Name) Baird, Cotter and Bishop, P.C.		Telephone Number (231) 775-9789	
Street Address 134 W. Harris Street		City Cadillac	State MI
Zip 49601			
Authorizing CPA Signature 	Printed Name Michael D. Cool, C.P.A.	License Number 1101023146	

GREENWOOD TOWNSHIP, CLARE COUNTY

HARRISON, MICHIGAN

MARCH 31, 2008

Baird, Cotter and Bishop, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

134 WEST HARRIS STREET CADILLAC, MICHIGAN 49601

PHONE: 231-775-9789 FAX: 231-775-9749

www.bcbcpa.com

GREENWOOD TOWNSHIP, CLARE COUNTY
HARRISON, MICHIGAN

MARCH 31, 2008

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134 WEST HARRIS STREET CADILLAC, MICHIGAN 49601
PHONE: 231-775-9789 FAX: 231-775-9749
www.bcbcpa.com

May 30, 2008

INDEPENDENT AUDITORS' REPORT

To the Township Board
Greenwood Township
Clare County
Harrison, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Greenwood Township, Clare County, Harrison, Michigan as of and for the year ended March 31, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Greenwood Township, Clare County, Harrison, Michigan as of March 31, 2008, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages iii through ix and budgetary comparison information on pages 22-23 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Greenwood Township, Clare County, Harrison, Michigan's basic financial statements. The individual fund financial statements are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.

GREENWOOD TOWNSHIP, CLARE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED MARCH 31, 2008

Greenwood Township, a general law township located in Clare County has implemented the provisions of Governmental Accounting Standards Board Statement 34 (GASB 34). The Management's Discussion and Analysis, a requirement of GASB 34, is intended to be the Greenwood Township board's discussion and analysis of the financial results for the fiscal year ended March 31, 2008.

Financial Highlights

- ◆ The assets of the Township exceeded its liabilities at the close of the fiscal year by \$937,488. Of this amount, \$210,942 may be used to meet the Township's ongoing obligations to citizens and creditors.
- ◆ As of the close of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$457,181. About 46.1% is available for spending at the Township's discretion.
- ◆ The Township is not obligated under any long-term debt as of March 31, 2008.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements are comprised of three components. 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements The *government-wide financial statements* are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business. These statements are calculated using full accrual accounting and more closely represent those presented by business and industry. The entire Township's assets and liabilities, both short and long-term, are reported. As such, these statements include capital assets, net of related depreciation.

The *Statement of Net Assets* presents information on all of the Township's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

The *Statement of Activities* presents information showing how the Township's net assets changed during the fiscal year. All changes in net assets are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods.

Both of the government-wide financial statements distinguish functions of the Township's that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

GREENWOOD TOWNSHIP, CLARE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED MARCH 31, 2008

Fund Financial Statements

The fund level statements are reported on a modified accrual basis in that only those assets that are “measurable” and “currently available” are reported. Liabilities are recognized to the extent they are normally expected to be paid with current financial resources.

Governmental Funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, Governmental Fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government’s near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statement, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government’s near-term financing decisions. Both the governmental funds balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Proprietary Funds – Proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Township does not maintain any proprietary funds.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements, this report further presents Required Supplementary Information (RSI) that explains and supports the information presented in the financial statements.

Government-Wide Financial Analysis

The Statement of Net Assets is the first statement in the Government-Wide Financial Statements section of this document. This statement is useful for providing an indicator of the Township’s financial position over time. The Net Assets of the Township were \$937,488 at March 31, 2008, meaning the Township’s assets were greater than its liabilities by this amount.

GREENWOOD TOWNSHIP, CLARE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED MARCH 31, 2008

Greenwood Township
Net Assets as of March 31, 2008

	<u>Governmental Activities</u>
Assets	
Current Assets	\$ 458,419
Non Current Assets	
Capital Assets	520,433
Less: Accumulated Depreciation	<u>40,126</u>
Total Non Current Assets	<u>480,307</u>
Total Assets	<u><u>\$ 938,726</u></u>
Liabilities	
Current Liabilities	<u>\$ 1,238</u>
Net Assets	
Invested in Capital Assets	480,307
Restricted for Specific Purposes	246,239
Unrestricted	<u>210,942</u>
Total Net Assets	<u>937,488</u>
Total Liabilities and Net Assets	<u><u>\$ 938,726</u></u>

The most significant portions of the Township's Net Assets are cash and investment in capital assets (e.g. land, buildings, equipment, infrastructure, and others) less any related debt that is outstanding that the Township used to acquire the asset. The Township has \$210,942 in unrestricted Net Assets. These assets represent resources that are available for appropriation, but are limited by Township policies regarding their use.

At the end of the current fiscal year, the Township is able to report positive balances in all categories of net assets for the government as a whole, as well as for its separate governmental activities.

The total net assets of the Township increased by \$56,876 in this fiscal year, which is an indicator that the Township experienced positive financial growth during the year. As a result, the Township ended the fiscal year in better condition than when the year began.

The following table illustrates and summarizes the results of the changes in the net assets for the Township. The condensed information was derived from the government-wide Statement of Activities.

GREENWOOD TOWNSHIP, CLARE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED MARCH 31, 2008

Greenwood Township
Change in Net Assets
for the Fiscal Year Ended March 31, 2008

	<u>Governmental Activities</u>
<u>Revenues</u>	
Program Revenues	
Charges for Services	\$ 7,334
Operating Grants and Contributions	59,375
Capital Grants and Contributions	13,526
General Revenues	
Taxes	116,048
State Shared Revenue	74,909
Interest Earnings	6,943
Other	3,275
Gain on Sale of Capital Assets	<u>11,397</u>
Total Revenues	<u>292,807</u>
<u>Expenses</u>	
Legislative	11,773
General Government	72,382
Public Safety	26,033
Public Works	102,476
Health and Welfare	16,487
Other Functions	<u>6,780</u>
Total Expenses	<u>235,931</u>
Change in Net Assets	56,876
<u>NET ASSETS</u> - Beginning of Year	<u>880,612</u>
<u>NET ASSETS</u> - End of Year	<u><u>\$ 937,488</u></u>

Governmental Activities

During the fiscal year ended March 31, 2008, the Township's net assets increased by \$56,876 in the governmental funds. GASB 34 now requires the Township to maintain a record of annual depreciation expense and the accumulation of depreciation expense over time. The net increase in accumulated depreciation expense is a reduction in net assets.

GREENWOOD TOWNSHIP, CLARE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED MARCH 31, 2008

The most significant portion of the revenue for all governmental activities of Greenwood Township comes from property taxes and special assessments. The Township levied 0.8266 mills for operating purposes and 1.8104 mills for road improvement.

State shared revenue is collected by the State of Michigan and distributed to local governments by formula allocation of portions of the State sales tax.

The Township's governmental activities expenses are dominated by Public Works expenses that total \$102,476. General Government represented the next largest expense at \$72,382.

Business-Type Activities

The Township does not maintain any Business-Type Activities

Financial Analysis of the Government's Funds

Governmental Funds The focus of Greenwood Township's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Township's financing requirement. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, Greenwood Township's governmental funds reported combined ending fund balances of \$457,181 of which \$210,942 constitutes unreserved fund balance. The remainder of the fund balance is reserved for specific purposes and is therefore not available for new appropriation. For example, the fund balance that is reserved for road maintenance must be used for expenditures that relate to road maintenance.

General Fund – The General Fund increased its fund balance by \$59,686 which brings the fund balance to \$220,139. \$9,197 of the General Fund's fund balance is reserved for Telecommunication's Right-of-Way and the rest is unreserved. All of the General Fund's functions ended the year with expenditures below budgeted amounts except for Public Works. These overages were paid for with higher than expected revenues. Property taxes amounted to \$44,888. State shared revenues were collected in the amount of \$74,909.

Road Improvement Fund – The Road Improvement Fund increased its fund balance by \$53,285 which brings the fund balance to \$148,066. This balance is reserved and must be used for road improvements.

Garbage and Rubbish Collection Fund – The Garbage and Rubbish Collection Fund decreased its fund balance by \$14,512 which brings the fund balance to \$57,550. This balance is reserved and must be used for Garbage and Rubbish Collection.

GREENWOOD TOWNSHIP, CLARE COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED MARCH 31, 2008

Harding Cherry Grove Improvement Fund – The Harding Cherry Grove Improvement Fund decreased its fund balance by \$1,957 which brings the fund balance to \$13,397. This balance is reserved and must be used for Harding Cherry Grove improvements.

Lily Lake Improvement Fund – The Lily Lake Improvement Fund decreased its fund balance by \$843 which brings the fund balance to \$18,029. This balance is reserved and must be used for Lily Lake improvements.

Building Fund – The Building Fund decreased its fund balance by \$12,537 which brings the fund balance to \$0. This balance was designated for Township Hall construction. The project was completed and the fund closed in the 2007-08 fiscal year.

Proprietary Fund – The Township does not maintain any proprietary funds.

Capital Assets and Debt Administration

Capital Assets. The Township's investment in capital assets for governmental activities as of March 31, 2008, amounted to \$480,307 net of accumulated depreciation.

Capital assets summarized below include any items purchased with a cost greater than \$300 individually and that have a useful life greater than one year. A summary of capital asset categories is illustrated below:

**Greenwood Township
Capital Assets as of March 31, 2008**

	Governmental Activities
Land	\$ 18,018
Buildings and Building Improvements	304,815
Equipment, Furniture, and Fixtures	29,314
Public Domain Infrastructure	168,286
	<hr/> 520,433
Less: Accumulated Depreciation	40,126
	<hr/>
Net Capital Assets	<u><u>\$ 480,307</u></u>

Major capital asset events during the current fiscal year included the following:

- Disposal of all capital assets related to the old Township Hall, resulting in proceeds of \$24,701
- Purchase of new parking lot curb stops at a cost of \$1,382.
- Purchase of new signs for the Township Hall and Cemetery at a cost of \$2,104.
- Purchase of new window blinds for the Township Hall at a cost of \$1,124.

GREENWOOD TOWNSHIP, CLARE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED MARCH 31, 2008

Long-Term Debt. Greenwood Township has no obligation for any long-term debt as of March 31, 2008.

Economic Condition and Outlook

The unemployment rate is still high in the State of Michigan and the State's shortfall in the budget means potential reductions in state-shared revenues, however state-shared revenues are expected to remain approximately the same in the 2008-09 fiscal year.

These factors were considered in preparing the Township's budgets for the 2008-09 fiscal year.

Request for Information

The financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the Township's finances and to demonstrate the Township's accountability for the money it receives. If you have any questions about this report or need any additional information, contact Greenwood Township at 185 W. Temple Drive, Harrison, Michigan 48625.

GREENWOOD TOWNSHIP, CLARE COUNTY
HARRISON, MICHIGAN

STATEMENT OF NET ASSETS
MARCH 31, 2008

	<u>GOVERNMENTAL ACTIVITIES</u>
<u>ASSETS</u>	
<u>CURRENT ASSETS</u>	
Cash	\$ 360,636
Receivables	
Taxes and Special Assessments	26,293
External Parties (Fiduciary Fund)	53,277
Other Accounts Receivable	1,359
Due from Other Governments	<u>16,854</u>
Total Current Assets	<u>458,419</u>
<u>CAPITAL ASSETS</u>	
Land	18,018
Building Improvements	4,986
Buildings	299,829
Machinery and Equipment	29,314
Public Domain Infrastructure	<u>168,286</u>
	520,433
Less Accumulated Depreciation	<u>40,126</u>
Net Capital Assets	<u>480,307</u>
 TOTAL ASSETS	 <u>938,726</u>
<u>LIABILITIES</u>	
<u>CURRENT LIABILITIES</u>	
Payroll Liabilities	307
Accounts Payable	<u>931</u>
Total Current Liabilities	<u>1,238</u>
<u>NET ASSETS</u>	
Invested in Capital Assets	480,307
Restricted for:	
Road Improvements	148,066
Garbage and Rubbish Collection	57,550
Harding Cherry Grove Improvement	13,397
Lily Lake Improvement	18,029
Telecommunications Right-Of-Way	9,197
Unrestricted	<u>210,942</u>
TOTAL NET ASSETS	<u><u>\$ 937,488</u></u>

The accompanying notes are an integral part of the financial statements.

GREENWOOD TOWNSHIP, CLARE COUNTY
HARRISON, MICHIGAN

STATEMENT OF ACTIVITIES
YEAR ENDED MARCH 31, 2008

					NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS TOTAL GOVERNMENTAL ACTIVITIES
FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	
<u>PRIMARY GOVERNMENT</u>					
<u>GOVERNMENTAL ACTIVITIES</u>					
Legislative	11,773	\$ 0	\$ 0	\$ 0	\$ (11,773)
General Government	72,382	3,824	0	0	(68,558)
Public Safety	26,033	3,510	0	0	(22,523)
Public Works	102,476	0	43,750	13,526	(45,200)
Health and Welfare	16,487	0	15,625	0	(862)
Other Functions	6,780	0	0	0	(6,780)
Total Governmental Activities	\$ 235,931	\$ 7,334	\$ 59,375	\$ 13,526	(155,696)
<u>GENERAL REVENUES</u>					
Taxes					116,048
State Grants					74,909
Interest Earnings					6,943
Gain on Sale of Capital Assets					11,397
Other					3,275
Total General Revenues					212,572
Change in Net Assets					56,876
<u>NET ASSETS</u> - Beginning of Year					880,612
<u>NET ASSETS</u> - End of Year					\$ 937,488

The accompanying notes are an integral part of the financial statements.

GREENWOOD TOWNSHIP, CLARE COUNTY

HARRISON, MICHIGAN

GOVERNMENTAL FUNDS

BALANCE SHEET

MARCH 31, 2008

	GENERAL FUND	ROAD IMPROVEMENT FUND	GARBAGE AND RUBBISH COLLECTION FUND
<u>ASSETS</u>			
Cash	\$ 184,639	\$ 118,173	\$ 37,900
Accounts Receivable	1,359	0	0
Taxes and Special Assessments Receivable	4,354	9,537	8,300
Due From Other Governments	16,854	0	0
Due From Other Funds	14,171	20,356	11,450
Total Assets	<u>\$ 221,377</u>	<u>\$ 148,066</u>	<u>\$ 57,650</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts Payable	\$ 931	\$ 0	\$ 0
Payroll Liabilities	307	0	0
Due to Other Funds	0	0	100
Total Liabilities	<u>1,238</u>	<u>0</u>	<u>100</u>

FUND BALANCE

Reserved for:

Road Improvements	0	148,066	0
Garbage and Rubbish Collection	0	0	57,550
Harding Cherry Grove Improvement	0	0	0
Lily Lake Improvement	0	0	0
Telecommunications Right-Of-Way	9,197	0	0
Unreserved			
Undesignated	210,942	0	0
Total Fund Balance	<u>220,139</u>	<u>148,066</u>	<u>57,550</u>

TOTAL LIABILITIES AND
FUND BALANCE

\$ 221,377	\$ 148,066	\$ 57,650
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The accompanying notes are an integral part of the financial statements.

HARDING				
CHERRY GROVE	LILY LAKE			
IMPROVEMENT	IMPROVEMENT	BUILDING		
FUND	FUND	FUND	TOTALS	
\$ 6,958	\$ 12,966	\$ 0	\$ 360,636	
0	0	0	1,359	
2,727	1,375	0	26,293	
0	0	0	16,854	
3,712	3,688	0	53,377	
<u>\$ 13,397</u>	<u>\$ 18,029</u>	<u>\$ 0</u>	<u>\$ 458,519</u>	

\$ 0	\$ 0	\$ 0	\$ 931	
0	0	0	307	
0	0	0	100	
<u>0</u>	<u>0</u>	<u>0</u>	<u>1,338</u>	

0	0	0	148,066	
0	0	0	57,550	
13,397	0	0	13,397	
0	18,029	0	18,029	
0	0	0	9,197	
<u>0</u>	<u>0</u>	<u>0</u>	<u>210,942</u>	
<u>13,397</u>	<u>18,029</u>	<u>0</u>	<u>457,181</u>	

\$ 13,397	\$ 18,029	\$ 0	\$ 458,519	
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The accompanying notes are an integral part of the financial statements.

GREENWOOD TOWNSHIP, CLARE COUNTY
HARRISON, MICHIGAN

GOVERNMENTAL FUNDS

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS
MARCH 31, 2008

Total Fund Balances for Governmental Funds	\$ 457,181
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Amounts Reported for Governmental Activities in the
Statement of Net Assets are Different Because:

Capital assets used in governmental activities are not
financial resources and therefore are not reported in the funds.

Land	\$ 18,018	
Buildings	299,829	
Building Improvements	4,986	
Machinery and Equipment	29,314	
Public Domain Infrastructure	168,286	
Accumulated Depreciation	(40,126)	480,307

NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 937,488</u>
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The accompanying notes are an integral part of the financial statements.

GREENWOOD TOWNSHIP, CLARE COUNTY

HARRISON, MICHIGAN

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED MARCH 31, 2008

	GENERAL FUND	ROAD IMPROVEMENT FUND	GARBAGE AND RUBBISH COLLECTION FUND
<u>REVENUES</u>			
Taxes	\$ 44,888	\$ 71,160	\$ 0
Licenses and Fees	2,874	0	0
State Grants	74,909	0	0
Charges for Services	3,910	0	0
Interest and Rents	5,552	745	1,037
Other Revenues	3,275	0	43,750
Total Revenues	135,408	71,905	44,787
<u>EXPENDITURES</u>			
Legislative	11,773	0	0
General Government	64,593	0	0
Public Safety	26,033	0	0
Public Works	643	18,620	59,299
Health and Welfare	0	0	0
Other Functions	6,780	0	0
Total Expenditures	109,822	18,620	59,299
Expenditures (Deficiency) of Revenues Over Expenditures	25,586	53,285	(14,512)
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers In	9,399	0	0
Transfers Out	0	0	0
Sale of Capital Assets	24,701	0	0
Total Other Financing Sources (Uses)	34,100	0	0
Net Change in Fund Balance	59,686	53,285	(14,512)
<u>FUND BALANCE - Beginning of Year</u>	160,453	94,781	72,062
<u>FUND BALANCE - End of Year</u>	\$ 220,139	\$ 148,066	\$ 57,550

The accompanying notes are an integral part of the financial statements.

HARDING CHERRY GROVE IMPROVEMENT FUND	LILY LAKE IMPROVEMENT FUND	BUILDING FUND	TOTALS
\$ 0	\$ 0	\$ 0	\$ 116,048
0	0	0	2,874
0	0	0	74,909
0	0	0	3,910
17	19	123	7,493
13,526	15,625	0	76,176
13,543	15,644	123	281,410
0	0	0	11,773
0	0	3,261	67,854
0	0	0	26,033
15,500	0	0	94,062
0	16,487	0	16,487
0	0	0	6,780
15,500	16,487	3,261	222,989
(1,957)	(843)	(3,138)	58,421
0	0	0	9,399
0	0	(9,399)	(9,399)
0	0	0	24,701
0	0	(9,399)	24,701
(1,957)	(843)	(12,537)	83,122
15,354	18,872	12,537	374,059
\$ 13,397	\$ 18,029	\$ 0	\$ 457,181

The accompanying notes are an integral part of the financial statements.

GREENWOOD TOWNSHIP, CLARE COUNTY
HARRISON, MICHIGAN

GOVERNMENTAL FUNDS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
MARCH 31, 2008

Net change in Fund Balances - Total Governmental Funds	\$ 83,122
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Amounts reported for governmental activities are different because:

Governmental funds report capital outlay as expenditures in the statement of activities. These costs are allocated over their estimated useful lives as depreciation.

Depreciation Expense	(17,552)
Capital Outlay	4,610

In the statement of activities, only the gain or loss on the sale of capital assets is reported, whereas in the governmental funds, the entire proceeds from the sale increases financial resources. The change in net assets differs from the change in fund balance by the cost of the capital assets sold net of accumulated depreciation.

Governmental Funds - Proceeds from Sale of Capital Assets	(24,701)
Governmental Funds - Cost of Capital Assets Sold	<u>11,397</u>

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 56,876</u>
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The accompanying notes are an integral part of the financial statements.

GREENWOOD TOWNSHIP, CLARE COUNTY
HARRISON, MICHIGAN

STATEMENT OF FIDUCIARY NET ASSETS
MARCH 31, 2008

	<u>AGENCY FUNDS</u>
<u>ASSETS</u>	
Cash	\$ 53,377
Due from Other Funds	<u>100</u>
 TOTAL ASSETS	 <u><u>\$ 53,477</u></u>
 <u>LIABILITIES</u>	
Due to Other Funds	\$ 53,377
Due to Other Organizations and Individuals	<u>100</u>
 TOTAL LIABILITIES	 <u><u>\$ 53,477</u></u>

The accompanying notes are an integral part of the financial statements.

GREENWOOD TOWNSHIP, CLARE COUNTY
HARRISON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Greenwood Township is a general law township located in Clare County which operates under the direction of an elected township board. Under the criteria established by accounting principles generally accepted in the United States of America, the Township has determined that there are no component units which should be included in its reporting entity.

B. Government-wide and Fund Financial Statements

GASB Statement No. 34 establishes standards for external financial reporting for state and local governments and requires that resources be classified for accounting and reporting purposes into the following three net asset categories.

Invested in Capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed by creditors, grantors, and contributions, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets which do not meet the definition of the two preceding categories.

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the government. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The government-wide focus is more on the sustainability of the Township as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The fund financial statements are similar to the financial statements presented in the previous financial reporting model.

GREENWOOD TOWNSHIP, CLARE COUNTY
HARRISON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008

C. Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, licenses, interest and special assessments associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessment receivables due within the current period is considered to be susceptible to accrual as revenue of the current period. Sales taxes collected and held by the state at year end on behalf of the government are also recognized as revenue. All other revenue items are considered to be measurable and available only when cash is received by the government.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The accounts of the Township are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

Greenwood Township reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Road Improvement Fund* accounts for revenue sources that are legally restricted to expenditure for road maintenance.

The *Garbage and Rubbish Collection Fund* accounts for revenue sources that are legally restricted to expenditures for garbage and rubbish collection.

GREENWOOD TOWNSHIP, CLARE COUNTY
HARRISON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008

The *Harding Cherry Grove Improvement Fund* accounts for revenue sources that are legally restricted to expenditures for Harding Cherry Grove improvements.

The *Lily Lake Improvement Fund* accounts for revenue sources that are legally restricted to expenditures for improvements to Lily Lake.

The *Building Fund* accounts for funds that were designated for township hall construction.

Additionally, Greenwood Township reports the following fund types:

Agency funds are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. These funds are used to account for assets that the Township holds for others in an agency capacity.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The government has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions involved. Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the Township's policy to use the restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities and Equity

1. Deposits and Investments

The Township's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of twelve months or less from date of acquisition.

I. The Township has authorized the Township treasurer to invest funds as follows:

- a. In bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- b. In certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution, but only if the financial institution complies with subsection (II.).

GREENWOOD TOWNSHIP, CLARE COUNTY
HARRISON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008

- c. In commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.
 - d. In repurchase agreements consisting of instruments listed in subdivision (a).
 - e. In bankers' acceptances of United States banks.
 - f. In obligations of this state or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than one standard rating service.
 - g. In mutual funds registered under the Investment Company Act of 1940, Title I of Chapter 686, 54 Stat. 789, 15 U.S.C. 80a-1 to 80a-3 and 80a-4 to 80a-64, with authority to purchase only investment vehicles that are legal for direct investment by a public corporation. However, a mutual fund is not disqualified as a permissible investment solely by reason of either of the following:
 - i. The purchase of securities on a when-issued or delayed deliver basis.
 - ii. The ability to lend portfolio securities as long as the mutual fund received collateral at all times equal to at least 100% of the value of the securities loaned.
 - iii. The limited ability to borrow and pledge a like portion of the portfolio's assets for temporary or emergency purposes.
 - h. In obligations described in subdivisions (a) through (g) if purchased through an interlocal agreement under the Urban Cooperation Act of 1967, 1967 (Ex Sess) PA7, MCL 124.501 to 124.512.
 - i. In investment pools organized under the Surplus Fund Investment Pool Act, 1982 PA 367, MCL 129.111 to 129.118.
 - j. In investment pools organized under the Local Government Investment Pool Act, 1985 PA 121, MCL 129.141 to 129.150.
- II. A public corporation that invests its funds under subsection (I) shall not deposit or invest the funds in a financial institution that is not eligible to be a depository of funds belonging to the state under a law or rule of this state or the United States.

Assets acceptable for pledging to secure deposits of public funds are limited to assets authorized for direct investment under subsection (I).

As used in this section "financial institution" means a state or nationally chartered bank or a state or federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and that maintains a principal office or branch office located in this state under the laws of this state or the United States.

GREENWOOD TOWNSHIP, CLARE COUNTY
HARRISON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008

2. *Receivables and Payables*

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

All trade and property tax receivables are shown net of an allowance for uncollectibles. Property taxes attach as an enforceable lien on the property as of the date they are levied. State education taxes and county taxes are levied and due July 1, and become delinquent after September 14. The remaining millages are levied and due December 1, and become delinquent after February 14. Collections of taxes and remittances of them are accounted for in the Current Tax Collection Fund. Township property tax revenues are recognized when they become both measurable and available for use to finance Township operations. Amounts which are not expected to be collected within sixty days are treated as deferred revenues.

The 2007 taxable valuation of Greenwood Township totaled \$39,444,569, on which ad valorem taxes levied consisted of 0.8266 mills for Greenwood Township operating purposes and 1.8104 mills for road improvements. The levies raised approximately \$32,487 for operating purposes and \$71,160 for road improvements.

3. *Inventories and Prepaid Items*

Inventories are not significant and are expensed as acquired.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

4. *Capital Assets*

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$300 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the primary government are depreciated using the straight line method over the following estimated useful lives:

GREENWOOD TOWNSHIP, CLARE COUNTY
HARRISON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008

<u>ASSETS</u>	<u>YEARS</u>
Buildings	50 years
Building Improvements	20 years
Sewer Lines	50-75 years
Roads	20 years
Infrastructure	20 years
Vehicles	10 years
Office Equipment	3-5 years
Computer Equipment	3-5 years
Furniture/Fixtures	10 years
Other Equipment	10 years

Greenwood Township qualifies as a phase 3 governmental unit in regards to the implementation of GASB 34. Phase 3 governmental units are not required to retroactively capitalize infrastructure. As a result, the Township will capitalize and depreciate infrastructure beginning April 1, 2004, in accordance with the Township's capitalization policy.

5. *Long-term Obligations*

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts, as well as issuance costs, are amortized over the life of the bonds using the effective interest method. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

6. *Fund Equity*

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

7. *Use of Estimates*

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

GREENWOOD TOWNSHIP, CLARE COUNTY
HARRISON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The annual budget is adopted on the modified accrual basis in accordance with the requirements of Michigan Public Act 621 of 1978 "The Uniform Budgeting and Accounting Act". A public hearing is held to obtain taxpayer comments. Appropriations lapse at year end. Budget amounts are as originally adopted on March 31, 2007, or as amended by the Township Board from time to time throughout the year.

The appropriated budget is prepared by fund and activity. The Township Board exercises budgetary control over expenditures.

Encumbrance accounting, under which purchase orders, contracts and other commitments for expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Township because it is, at present, not considered necessary to assure effective budgetary control or to facilitate effective cash planning and control.

Public Works expenditures in the General Fund of \$643 exceeded appropriations of \$575 by \$68.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

The Township's deposits on deposit with Chemical Bank, Harrison, National City Bank, Harrison and Farwell State Savings Bank, Farwell.

Investment rate risk. The Township will minimize Interest Rate Risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investing pools and limiting the average maturity in accordance with the Township's cash requirement.

Foreign currency risk. The Township is not authorized to invest in investments, which have this type of risk.

Credit risk. The Township will minimize Custodial Credit Risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities listed in the Township's investment policy; and pre-qualifying the financial institutions, brokers/dealer, intermediaries and advisors with which the Township will do business in accordance with the Township's investment policy.

GREENWOOD TOWNSHIP, CLARE COUNTY
HARRISON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008

Concentration of credit risk. The Township will minimize Concentration of Credit Risk, which is the risk of loss attributed to the magnitude of the Township's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of March 31, 2008, \$65,028 of the government's bank balance of \$414,063 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Township's investments are categorized to give an indication of the level of risk assumed by the Township at year end. Category 1 includes investments that are insured or registered, or securities held by the Township or the Township's agent in the Township's name. Category 2 includes investments that are uninsured and unregistered with securities held by the counterparty's trust department or its agent in the Township's name. Category 3 includes investments that are uninsured and unregistered, with the securities held by the counterparty, or by its trust department or its agent but not in the Township's name. At year end, the Township held no investments.

B. Receivables

Receivables as of year end for the government's individual major funds are as follows:

	General	Road Improvement	Garbage and Rubbish Collection	Harding Cherry Grove Improvement	Lily Lake Improvement	Total
Receivables						
Accounts	\$ 1,359	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,359
Taxes and Special Assessments	4,354	9,537	8,300	2,727	1,375	26,293
Due from Other Governments	16,854	0	0	0	0	16,854
	<u>\$ 22,567</u>	<u>\$ 9,537</u>	<u>\$ 8,300</u>	<u>\$ 2,727</u>	<u>\$ 1,375</u>	<u>\$ 44,506</u>

The allowance for doubtful accounts is not considered to be material for disclosure. As a result, its uncollectible accounts are virtually nil.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

GREENWOOD TOWNSHIP, CLARE COUNTY
HARRISON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008

C. Capital Assets

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental activities</u>				
Capital assets, not being depreciated				
Land	\$ 18,018	\$ 0	\$ 0	\$ 18,018
Capital assets, being depreciated				
Buildings	316,657	0	16,828	299,829
Building Improvements	16,321	3,486	14,821	4,986
Machinery and Equipment	28,613	1,124	423	29,314
Public Domain Infrastructure	168,286	0	0	168,286
Total capital assets, being depreciated	529,877	4,610	32,072	502,415
Less accumulated depreciation for:				
Buildings	8,697	6,025	6,227	8,495
Building Improvements	12,092	255	12,119	228
Machinery and Equipment	5,803	2,858	423	8,238
Public Domain Infrastructure	14,751	8,414	0	23,165
Total accumulated depreciation	41,343	17,552	18,769	40,126
Total capital assets, being depreciated, net	488,534	(12,942)	13,303	462,289
Governmental activities capital assets, net	<u>\$ 506,552</u>	<u>\$ (12,942)</u>	<u>\$ 13,303</u>	<u>\$ 480,307</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:

General Government	\$ 9,138
Public Works	8,414
Total Depreciation Expense - governmental activities	<u>\$ 17,552</u>

Construction Commitments:

The government has no outstanding construction commitments as of March 31, 2008.

GREENWOOD TOWNSHIP, CLARE COUNTY
HARRISON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008

D. Interfund Receivables, Payables and Transfers

Individual fund interfund receivable and payable balances at March 31, 2008, were:

<u>Fund</u>	INTERFUND RECEIVABLES DUE FROM'S	INTERFUND PAYABLES DUE TO'S
General Fund	\$ 14,171	\$ 0
Special Revenue Funds		
Road Improvement Fund	20,356	0
Garbage and Rubbish Collection Fund	11,450	100
Harding Cherry Grove Improvement Fund	3,712	0
Lilly Lake Improvement Fund	3,688	0
Fiduciary Funds		
Current Tax Collection Fund	100	53,377
	<u>\$ 53,477</u>	<u>\$ 53,477</u>

All remaining balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All are expected to be resolved within one year.

Interfund Transfers as of March 31, 2008, were:

	TRANSFERS	
	IN	OUT
General Fund	\$ 9,399	\$ 0
Building Fund	0	9,399
	<u>\$ 9,399</u>	<u>\$ 9,399</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

E. Long-Term Debt

At March 31, 2008, the Township was not obligated for any long-term debt.

GREENWOOD TOWNSHIP, CLARE COUNTY
HARRISON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008

F. Fund Balance Reserves and Designations

In order to comply with generally accepted accounting principles and meet certain legal requirements, the Township has reserved fund balances in various funds.

G. Fire Protection Contract

An agreement was entered into between the City of Harrison and the Township for fire protection. The Township paid \$26,033 to the City for fire protection for the year.

H. Road Improvement Fund

The electors approved a two mill levy for road improvements within the Township. The transactions accounting for this levy are reflected in a separate fund labeled "Road Improvement Fund." The millage has been renewed.

I. Garbage and Rubbish Collection Fund

On May 1, 1989, the Township Board approved the placing of an annual special assessment on the tax roll to finance the cost of house-to-house trash pickup. The transactions accounting for the income and expenses related to the trash pickup are reflected in a separate fund established by the Township labeled "Garbage and Rubbish Collection Fund."

J. Harding Cherry Grove Improvement Fund

The Board approved a special assessment district to cover the costs of improvements to Harding and Cherry Grove Roads.

K. Lily Lake Improvement Fund

The Board approved a special assessment for improvements to Lily Lake.

IV. OTHER INFORMATION

A. Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Township participates in a pool of municipalities within the State of Michigan for self-insuring property and casualty, crime, general liability, workers compensation insurance and errors and omissions insurance. The Township pays annual premiums to the pool for the respective insurance coverage. In the event the pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessments to make up the deficiency. The Township has not been informed of any special assessments being required for the current year or the three prior years.

The Township continues to carry insurance for other risks of loss, including fidelity bonds.

GREENWOOD TOWNSHIP, CLARE COUNTY
HARRISON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008

B. Retirement Plan

The Township has a defined contribution pension plan with Municipal Retirement Systems, Inc. which covers Township employees who have satisfied the eligibility requirements. Each employee becomes eligible for coverage on the first policy anniversary date which the employee reaches age 18. Each employee is 100% vested upon entering the plan. An employee's normal retirement age is age 65 or the 5th anniversary of the first day of the plan year in which participation in the plan commenced.

The formula for determining contributions is based on an employee's annual compensation. The Township has elected to contribute 10% of compensation to the plan annually. Past service credit is calculated as 3% of current compensation for each year of past service to a maximum of 10 years.

Township contributions to the plan for 2007-2008 amounted to \$2,950. In addition the Township paid a \$190 service fee. The contribution was based on 2007 calendar year wages of \$33,747 and total wages for all employees including noncovered payroll was \$34,268.

C. Due from Other Governments

Due from Other Governments consists of \$16,854 of Revenue Sharing due from the State of Michigan at March 31, 2008.

GREENWOOD TOWNSHIP, CLARE COUNTY
HARRISON, MICHIGAN
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
MAJOR GOVERNMENTAL FUNDS

YEAR ENDED MARCH 31, 2008

	GENERAL FUND			ROAD IMPROVEMENT FUND		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
<u>REVENUES</u>						
Taxes	\$ 44,180	\$ 43,580	\$ 44,888	\$ 68,000	\$ 68,000	\$ 71,160
Licenses and Permits	1,000	1,000	2,874			
State Grants	62,500	62,500	74,909	0	0	0
Charges for Services	2,100	2,100	3,910	0	0	0
Interest and Rents	1,450	1,450	5,552	0	0	745
Other Revenues	3,130	3,130	3,275	0	0	0
Total Revenues	114,360	113,760	135,408	68,000	68,000	71,905
<u>EXPENDITURES</u>						
Legislative						
Township Board	13,795	13,795	11,773	0	0	0
General Government						
Supervisor	8,288	8,288	7,255	0	0	0
Assessor	8,600	10,000	8,845	0	0	0
Elections	325	2,000	1,282	0	0	0
Clerk	11,007	11,007	9,693	0	0	0
Board of Review	1,625	1,625	1,196	0	0	0
Treasurer	17,240	17,240	16,820	0	0	0
Building and Grounds	15,875	15,875	14,032	0	0	0
Cemetery	6,655	6,655	5,470	0	0	0
Public Safety	29,250	29,250	26,033	0	0	0
Public Works	575	575	643	23,100	23,100	18,620
Health and Welfare	0	0	0	0	0	0
Recreation and Cultural	5,295	5,295	5,295	0	0	0
Other Functions	1,350	1,547	1,485	0	0	0
Total Expenditures	119,880	123,152	109,822	23,100	23,100	18,620
Excess (Deficiency) of Revenues Over Expenditures	(5,520)	(9,392)	25,586	44,900	44,900	53,285
<u>OTHER FINANCING SOURCES (USES)</u>						
Transfers In (Out)						
Building Fund	7,500	7,500	9,399	0	0	0
Sale of Capital Assets	0	0	24,701	0	0	0
Total Other Financing Sources (Uses)	7,500	7,500	34,100	0	0	0
Net Changes in Fund Balance	1,980	(1,892)	59,686	44,900	44,900	53,285
<u>FUND BALANCE</u> - Beginning of Year	137,465	137,465	160,453	94,781	94,781	94,781
<u>FUND BALANCE</u> - End of Year	\$ 139,445	\$ 135,573	\$ 220,139	\$ 139,681	\$ 139,681	\$ 148,066

GARBAGE AND RUBBISH COLLECTION FUND			HARDING CHERRY GROVE IMPROVEMENT FUND			LILY LAKE IMPROVEMENT FUND		
ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
600	600	1,037	0	0	17	0	0	19
43,500	43,500	43,750	13,300	13,000	13,526	15,500	15,500	15,625
44,100	44,100	44,787	13,300	13,000	13,543	15,500	15,500	15,644
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
58,000	59,500	59,299	18,100	18,100	15,500	0	0	0
0	0	0	0	0	0	18,100	18,100	16,487
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
58,000	59,500	59,299	18,100	18,100	15,500	18,100	18,100	16,487
(13,900)	(15,400)	(14,512)	(4,800)	(5,100)	(1,957)	(2,600)	(2,600)	(843)
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
(13,900)	(15,400)	(14,512)	(4,800)	(5,100)	(1,957)	(2,600)	(2,600)	(843)
72,062	72,062	72,062	15,354	15,354	15,354	18,872	18,872	18,872
\$ 58,162	\$ 56,662	\$ 57,550	\$ 10,554	\$ 10,254	\$ 13,397	\$ 16,272	\$ 16,272	\$ 18,029

GREENWOOD TOWNSHIP, CLARE COUNTY
HARRISON, MICHIGAN

GENERAL FUND

BALANCE SHEET
MARCH 31, 2008

ASSETS

Cash	
Money Market Account	\$ 37,784
Certificates of Deposit	146,855
Due from Other Governments	16,854
Due from Current Tax Collection Fund	14,171
Accounts Receivable	1,359
Taxes Receivable	<u>4,354</u>
 TOTAL ASSETS	 <u><u>\$ 221,377</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Payroll Liabilities	\$ 307
Accounts Payable	<u>931</u>
 Total Liabilities	 <u>1,238</u>

FUND BALANCE

Reserved for Telecommunication Right-Of-Way	9,197
Unreserved	<u>210,942</u>

TOTAL FUND BALANCE	<u>220,139</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u><u>\$ 221,377</u></u>

GREENWOOD TOWNSHIP, CLARE COUNTY
HARRISON, MICHIGAN

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

FOR THE YEAR ENDED MARCH 31, 2008

	BUDGET		ACTUAL
	ORIGINAL	FINAL	
<u>REVENUES</u>			
Taxes	\$ 44,180	\$ 43,580	\$ 44,888
Licenses and Permits	1,000	1,000	2,874
State Grants	62,500	62,500	74,909
Charges for Services	2,100	2,100	3,910
Interest and Rents	1,450	1,450	5,552
Other Revenues	3,130	3,130	3,275
Total Revenues	114,360	113,760	135,408
<u>EXPENDITURES</u>			
Legislative			
Township Board	13,795	13,795	11,773
General Government			
Supervisor	8,288	8,288	7,255
Assessor	8,600	10,000	8,845
Elections	325	2,000	1,282
Clerk	11,007	11,007	9,693
Board of Review	1,625	1,625	1,196
Treasurer	17,240	17,240	16,820
Building and Grounds	15,875	15,875	14,032
Cemetery	6,655	6,655	5,470
Public Safety	29,250	29,250	26,033
Public Works	575	575	643
Recreation and Cultural	5,295	5,295	5,295
Other Functions	1,350	1,547	1,485
Total Expenditures	119,880	123,152	109,822
Excess (Deficiency) of Revenues Over Expenditures	(5,520)	(9,392)	25,586

GREENWOOD TOWNSHIP, CLARE COUNTY
HARRISON, MICHIGAN

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

FOR THE YEAR ENDED MARCH 31, 2008

OTHER FINANCING SOURCES (USES)

Transfers In (Out)			
Building Fund	7,500	7,500	9,399
Sale of Capital Assets	0	0	24,701
Total Other Financing Sources (Uses)	7,500	7,500	34,100
Net Changes in Fund Balance	1,980	(1,892)	59,686
FUND BALANCE - Beginning of Year	137,465	137,465	160,453
FUND BALANCE - End of Year	\$ 139,445	\$ 135,573	\$ 220,139

GREENWOOD TOWNSHIP, CLARE COUNTY
HARRISON, MICHIGAN

SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF BALANCE SHEETS
MARCH 31, 2008

	ROAD IMPROVEMENT	GARBAGE AND RUBBISH COLLECTION
<u>ASSETS</u>		
Cash		
Money Market Account	\$ 118,173	\$ 16,895
Certificates of Deposit	0	21,005
Due from Other Funds	20,356	11,450
Taxes and Special Assessments Receivable	9,537	8,300
TOTAL ASSETS	<u>\$ 148,066</u>	<u>\$ 57,650</u>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Due to Other Funds	<u>\$ 0</u>	<u>\$ 100</u>
<u>FUND BALANCE</u>		
Reserved for:		
Road Improvements	148,066	0
Garbage and Rubbish Collection	0	57,550
Harding Cherry Grove Improvement	0	0
Lily Lake Improvement	0	0
Total Fund Balance	<u>148,066</u>	<u>57,550</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 148,066</u>	<u>\$ 57,650</u>

HARDING CHERRY GROVE IMPROVEMENT	LILY LAKE IMPROVEMENT	TOTAL
\$ 6,958	\$ 12,966	\$ 154,992
0	0	21,005
3,712	3,688	39,206
2,727	1,375	21,939
<u>\$ 13,397</u>	<u>\$ 18,029</u>	<u>\$ 237,142</u>
\$ 0	\$ 0	\$ 100
0	0	148,066
0	0	57,550
13,397	0	13,397
0	18,029	18,029
<u>13,397</u>	<u>18,029</u>	<u>237,042</u>
<u>\$ 13,397</u>	<u>\$ 18,029</u>	<u>\$ 237,142</u>

GREENWOOD TOWNSHIP, CLARE COUNTY
HARRISON, MICHIGAN

SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED MARCH 31, 2008

	ROAD IMPROVEMENT	GARBAGE AND RUBBISH COLLECTION
<u>REVENUES</u>		
Taxes	\$ 71,160	\$ 0
Interest and Rents	745	1,037
Other Revenues	0	43,750
		<hr/>
Total Revenues	71,905	44,787
		<hr/>
<u>EXPENDITURES</u>		
Public Works	18,620	59,299
Health and Welfare	0	0
		<hr/>
Total Expenditures	18,620	59,299
		<hr/>
Net Change in Fund Balance	53,285	(14,512)
<u>FUND BALANCE</u> - Beginning of Year	94,781	72,062
		<hr/>
<u>FUND BALANCE</u> - End of Year	\$ 148,066	\$ 57,550
		<hr/> <hr/>

HARDING CHERRY GROVE IMPROVEMENT	LILY LAKE IMPROVEMENT	TOTALS
\$ 0	\$ 0	\$ 71,160
17	19	1,818
13,526	15,625	72,901
13,543	15,644	145,879
15,500	0	93,419
0	16,487	16,487
15,500	16,487	109,906
(1,957)	(843)	35,973
15,354	18,872	201,069
\$ 13,397	\$ 18,029	\$ 237,042

GREENWOOD TOWNSHIP, CLARE COUNTY
HARRISON, MICHIGAN

BUILDING FUND

BALANCE SHEET
MARCH 31, 2008

ASSETS

TOTAL ASSETS	\$ 0
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LIABILITIES AND FUND BALANCE

<u>LIABILITIES</u>	\$ 0
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FUND BALANCE

Reserved for Road Improvement	0
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TOTAL LIABILITIES AND FUND BALANCE	\$ 0
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GREENWOOD TOWNSHIP, CLARE COUNTY
HARRISON, MICHIGAN

BUILDING FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

FOR THE YEAR ENDED MARCH 31, 2008

REVENUES

Interest and Rents	
Interest Earnings	\$ 123

EXPENDITURES

General Government	
Building and Grounds	3,261
Excess (Deficiency) of Revenues	
Over Expenditures	(3,138)

OTHER FINANCING SOURCES (USES)

Transfers In (Out)	
General Fund	(9,399)

Net Change in Fund Balance	(12,537)
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<u>FUND BALANCE</u> - Beginning of Year	12,537
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<u>FUND BALANCE</u> - End of Year	\$ 0
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GREENWOOD TOWNSHIP, CLARE COUNTY
HARRISON, MICHIGAN

CURRENT TAX COLLECTION FUND

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
YEAR ENDED MARCH 31, 2008

	BALANCE			BALANCE
	4/1/2007	ADDITIONS	DEDUCTIONS	3/31/2008
<u>ASSETS</u>				
Cash	\$ 1,029	\$ 1,095,467	\$ 1,043,119	\$ 53,377
Due from Other Funds	0	100	0	100
TOTAL ASSETS	<u>\$ 1,029</u>	<u>\$ 1,095,567</u>	<u>\$ 1,043,119</u>	<u>\$ 53,477</u>
<u>LIABILITIES</u>				
Due to Other Funds	\$ 1,029	\$ 190,526	\$ 138,178	\$ 53,377
Due to Other Organizations and Individuals	0	1,611	1,511	100
Due to Other Governments	0	903,430	903,430	0
Total Liabilities	<u>\$ 1,029</u>	<u>\$ 1,095,567</u>	<u>\$ 1,043,119</u>	<u>\$ 53,477</u>

Baird, Cotter and Bishop, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

134 WEST HARRIS STREET CADILLAC, MICHIGAN 49601
PHONE: 231-775-9789 FAX: 231-775-9749
www.bcbcpa.com

May 30, 2008

To the Township Board
Greenwood Township
Clare County
Harrison, Michigan

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Greenwood Township, Clare County, Harrison, Michigan as of and for the year ended March 31, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered Greenwood Township's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the governmental unit's internal control. Accordingly we do not express an opinion on the effectiveness of the governmental unit's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies and other deficiencies that we consider to be material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiencies to be significant deficiencies in internal control:

1) Lack of Segregation of Duties

The relatively small number of people involved in the accounting functions of the Township and the design of the accounting system as developed by the state make it difficult to adequately segregate duties. Segregation of accounting duties is a fundamental method of strengthening internal control. However, in deciding what internal control procedures should be implemented, the Board must consider the costs of implementing them and weigh those costs against the benefits to be derived from their implementation.

2) Lack of Adequate Controls to Produce Full Disclosure GAAP Basis Financial Statements.

All Michigan governments are required to prepare financial statements in accordance with generally accepted accounting principals (GAAP). This is a responsibility of the government's management. The preparation of financial statements in accordance with GAAP requires internal controls over both (1) recording, processing, and summarizing accounting data (i.e., maintaining internal books and records), and (2) reporting government-wide and fund financial statements, including the related footnotes (i.e., external financial reporting).

As is the case with many smaller and medium-sized entities, the government has historically relied on its independent external auditors to assist in the preparation of the government-wide financial statements and footnotes as part of its external financial reporting process. Accordingly, the government's ability to prepare financial statements in accordance with GAAP is based, in part, on its reliance on its *external* auditors, who cannot by definition be considered a part of the government's *internal* controls.

This condition was caused by the government's decision that it is more cost effective to outsource the preparation of its annual financial statements to the auditors than to incur the time and expense of obtaining the necessary training and expertise required for the government to perform this task internally. As a result of this condition, the government lacks internal controls over the preparation of financial statements in accordance with GAAP, and instead relies, in part, on its external auditors for assistance with this task.

The government has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interests of the government to outsource this task to its external auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their content and presentation.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. We believe that the deficiencies described above are material weaknesses.

This communication is intended solely for the information and use of the Board and others within the organization. This restriction is not intended to limit the distribution of the report, which is a matter of public record.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.

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CERTIFIED PUBLIC ACCOUNTANTS

134 WEST HARRIS STREET CADILLAC, MICHIGAN 49601
PHONE: 231-775-9789 FAX: 231-775-9749
www.bcbcpa.com

May 30, 2008

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

To the Township Board
Greenwood Township
Clare County
Harrison, Michigan

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Greenwood Township for the year ended March 31, 2008, and has issued our report thereon dated May 30, 2008. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated March 17, 2008, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Greenwood Township are described in Note I to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2007-08. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. No material misstatements were noted. We did propose several adjusting journal entries that were accepted and recorded by management.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated May 30, 2008.

Other Audit Findings or Issues

During the course of our audit of the basic financial statements of Greenwood Township for the year ended March 31, 2008, we noted the following list of items which we feel deserve comment:

Property Tax Administration Fee

The Township is charging a 1% property tax administration fee. The Township has determined that authorized costs of tax collection will be repeatedly in excess of revenue generated by the administration fee but has not formally taken action to write off this loss. We recommend that the Township keep subsidiary records which reflect property tax administration fee collections and costs and that the board pass a motion to write off the loss annually.

This communication is intended solely for the information and use of the Board and others within the organization. This restriction is not intended to limit the distribution of the report, which is a matter of public record.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.